

Message Text

CONFIDENTIAL

PAGE 01 CONAKR 01541 161422Z
ACTION AF-10

INFO OCT-01 ARA-10 EA-10 EUR-12 NEA-10 ISO-00 AID-05
CIAE-00 COME-00 EB-08 FRB-03 INR-10 NSAE-00
ICA-11 TRSE-00 XMB-02 OPIC-03 SP-02 LAB-04 SIL-01
OMB-01 NSC-05 SS-15 STR-07 CEA-01 INT-05 DODE-00
PM-05 H-01 L-03 PA-01 GSA-02 /148 W
-----107148 171141Z /14

R 161210Z AUG 78
FM AMEMBASSY CONAKRY
TO SECSTATE WASHDC 4636
INFO AMEMBASSY ACCRA
AMEMBASSY ALGIERS
AMEMBASSY BELGRADE
AMEMBASSY BRASILIA
AMEMBASSY CANBERRA
AMEMBASSY CARACAS
AMEMBASSY FREETOWN
AMEMBASSY GEORGETOWN
AMEMBASSY JAKARTA
AMEMBASSY KINGSTON
AMEMBASSY LAGOS
AMEMBASSY OSLO
AMEMBASSY OTTAWA
AMEMBASSY PARAMARIBO
AMEMBASSY PORT AU PRINCE
AMEMBASSY SANTO DOMINGO

C O N F I D E N T I A L CONAKRY 1541

E.O. 11652: GDS
TAGS: EMIN, EINV, GV
SUBJECT: DABOLA ALUMINA/BAUXITE PROJECT AND REYNOLDS METAL CO.

1. REYNOLDS METALS TEAM HEADED BY R.M. FEATHERSTON,
GROUP VICE PRESIDENT, VISITED GUINEA JULY 7-14, 1978, FOR
CONFERENCE ON DABOLA BAUXITE PROJECT (SBD). SBD IS
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PAGE 02 CONAKR 01541 161422Z

CURRENTLY ENVISIONED AS A 5-6 MILLION TONS PER YEAR BAUXITE
PROJECT LOCATED ABOUT 350 AIR KILOMETERS FROM CONAKRY
(NEAR THE EXISTING CONAKRY-KANKAN RAIL RIGHT-OF-WAY).

2. SBD/GOG HAS ALREADY HAD EXPRESSIONS OF INTEREST FROM
SEVERAL POTENTIAL INVESTOR CUSTOMERS. IN MARCH 1978
ISMAEL TOURE, MINISTER OF DOMAIN OF ECONOMY AND FINANCE,

DISCUSSED PROJECT WITH REYNOLDS IN WASHINGTON AND INVITED THEIR PARTICIPATION AS CONSTRUCTOR AND MANAGER OF THE PROJECT. REYNOLDS VISITED GUINEA JULY 9-11 AND HELD DISCUSSIONS WITH OTHER POTENTIAL PARTNERS. YUGOSLAV FIRM (ENERGOPROJEKT), ALGERIAN, NIGERIAN AND GUINEAN GOVERNMENTS, AND REPS OF CANADIAN FIRM (SOGRAMCAN, CONSULTING ENGINEERS FOR TRANS-GUINEAN RAILROAD). REYNOLDS REPORTED THAT DISCUSSIONS PRODUCED SMALLER COMMITMENTS TO TAKE ALUMINA THAN EXPECTED. YUGOSLAV FIRM OFFERED ACCEPTANCE OF 50,000 MTPY OF ALUMINA INSTEAD OF HOPED-FOR 600,000 MTPY. ALGERIANS REDUCED PREVIOUS FIGURES OF 300,000 MTPY OF ALUMINA TO 150,000, AND NIGERIANS STATED THAT DECISION ON ACCEPTANCE 300,000 MTPY OF ALUMINA WOULD BE READY BY 1980. BEFORE CONFERENCE OPENED REYNOLDS TEAM HAD TOLD ISMAEL TOURE OF THEIR TENTATIVE WILLINGNESS TO PURCHASE 200,000 MTPY OF ALUMINA AND 1,000,000 MTPY OF BAUXITE AFTER MID-1980'S. THUS, 400,000 MTPY PURCHASE OF ALUMINA IS ALL THAT IS AT PRESENT ASSURED. REYNOLDS IS MAJOR FOREIGN PARTNER AT MOMENT BECAUSE OF THEIR POTENTIAL ROLE AS BUILDER AND PROJECT MANAGER AND POSSIBLE COMMITMENT TO SUBSTANTIAL PORTION OF SBD OUTPUT. CONFEREES DID NOT SIGN WRITTEN AGREEMENT TOGETHER, ALTHOUGH THERE ARE UNWRITTEN BILATERAL COMMITMENTS FROM PARTNERS AND REYNOLDS LEFT WRITTEN STATEMENT OF POSITION. REYNOLDS PROMISED WRITTEN PROPOSAL FOR PROJECT CONSTRUCTION AND MANAGEMENT IN DECEMBER 1978.

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PAGE 03 CONAKR 01541 161422Z

3. IN DISCUSSIONS WITH EMBASSY, REYNOLDS TEAM ASSERTED ECONOMIES OF SCALE DISTATED ALUMINA PLANT OF AT LEAST 1,000,000 MTPY AND ENGINEERING CONSIDERATIONS LIMITED INITIAL PLANT TO NO MORE THAN THAT SIZE. (THEY WERE QUICK TO POINT OUT ECONOMIES OF SCALE WOULD INDUCE PLANT EXPANSION AS SOON AS "BUGS" WERE OUT OF NEW PLANT). THUS, THEY STATED THAT REYNOLDS WOULD NOT MAKE FINANCIAL CONTRIBUTIONS TO PROJECT UNTIL GOG HAD COMMITMENTS FOR ACCEPTANCE OF 1,000,000 MTPY. WE UNDERSTAND FROM ALGERIAN AMBASSADOR THAT REYNOLDS WILL BE PRESSED AT DECEMBER MEETING TO GO AHEAD EVEN IF COMMITMENT IS ONLY FOR 700,000 MTPY.

4. CONFEREES WERE ACCORDED VIP TREATMENT AND REYNOLDS PEOPLE WERE SHOWN FRIGUIA ALUMINA PLANT, CBG BAUXITE MINE AND DABOLA SITE. IN ADDITION, PRESIDENT TOURE RECEIVED GROUP OF CONFEREES TWICE.

5. COMMENT: DABOLA PROJECT IS ONE OF TWO ALUMINA/BAUXITE PROJECTS GOG WOULD LIKE TO MOVE NOW. AYEKOYE IS OTHER AND IS SOME WAY OFF, DUE TO LINK

WITH STILL PARTIALLY FINANCED KONKOURE DAM. SBD LOOKS POSSIBLE FOR MID-LATE 1980'S AND MAY BE TOP PRIORITY PROJECT AFTER MIFERGUI-NIMBA IRON ORE PROJECT. BOTH REYNOLDS AND GOG APPEARED VERY SATISFIED WITH RESULTS OF JULY 9-11 DISCUSSIONS.

6. REYNOLDS APPEARED TO BE CAREFULLY WEIGHING DIFFICULTIES OF SBD TRANSPORT, PORT CONSTRUCTION, ENCLAVE NATURE, LANGUAGE PROBLEMS, POLITICAL CLIMATE, ETC. CERTAINLY STATUS OF CONAKRY-DABOLA LEG OF TRANS-GUINEAN RAILROAD IS MAJOR CONSIDERATION. PROJECT, IN REYNOLDS' VIEW, WILL NOT COME ON STREAM BEFORE 1988 OR SO. THAT SEEMS REALISTIC TO US. CAREFUL SPADEWORK BY REYNOLDS (OR ANOTHER U.S. COMPANY) WILL KEEP THEM IN CONFIDENTIAL

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PAGE 04 CONAKR 01541 161422Z

SBD UNTIL FINAL DECISIONS ARE MADE, PROBABLY IN 1980-82.
THOMPSON

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Message Attributes

Automatic Decaptioning: X
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Draft Date: 16 aug 1978
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Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
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Disposition Reason:
Disposition Remarks:
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Litigation Codes:
Litigation History:
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